

Treasury Report: Further advice on funding NZUP Transport

Date:	21 May 2021	Report No:	T2021/1283
		File Number:	SH-8-0-7

Action sought

	Action sought	Deadline
Hon Grant Robertson Minister of Finance	Agree to the financial implications associated with funding the cost increases in the New Zealand Upgrade Programme	24 May 2021
Hon Michael Wood Minister of Transport		

Contact for telephone discussion (if required)

Name	Position	Telephone	1st Contact
Mark Hodge	Senior Analyst, National Infrastructure Unit (NIU)	N/A (wk)	s9(2)(g)(ii) ✓
David Taylor	Manager, National Infrastructure Unit (NIU)	s9(2)(k)	N/A (mob)

Minister's Office actions (if required)

Return the signed report to Treasury.

Note any feedback on the quality of the report

Enclosure: Yes (attached)

Executive Summary

You have been considering options for reprioritising the New Zealand Upgrade Programme (Programme) due to cost increases identified through the baseline process. On 13 May 2021, you disagreed with the recommendation to fund all prioritised Programme projects at their P95 costs estimates and retain a five percent contingency (T2021-1216 refers), and sought further advice on funding the projects at P50 or P95 based on their risk level.

We have worked with the Ministry of Transport and delivery agencies to provide further advice on the allocation of P50s and P95s based on: 1) the project's phase in its lifecycle; 2) the project's scale; and 3) the project's residual risk.

This process assessed quality and stage of the baseline development process, based on the information provided, to identify risks to the baseline parameters across scope, cost, schedule and risk. This review was based solely on the information provided at that time. This analysis identifies where residual risk remains due to the quality of process and level of project development; however, does not go as far as estimating the correct level of contingency. Because of these limitations, there is a risk that levels of contingency could be over or under-inflated.

There is consensus that 'high risk' and 'rescoped' projects should be allocated funding at a P95 estimate. There are options for allocating funding for the remaining projects based on your risk appetite. However, the marginal difference between a lower or higher risk appetite for these projects is \$65 million. The breakdown of these options is provided in Appendices 1 and 2.

We note that we have included an allocation for investigating the 'rescoped' options for South Auckland and Whangārei to Port Marsden, but as previously advised, further detail is required on cost, scope and schedule through a detailed business case, prior to joint Ministers making an investment decision. We have also included an allocation for Northern Pathway based on Waka Kotahi's most recent advice to you (BRI-2174 refers).

We also seek clarity from you on keeping an additional portfolio contingency of \$240 million based on 5 percent of the agreed in principle projects, as the recommendation and corresponding agreement in the previous advice were not clear on this specific point (T2021-1216 refers).

Depending on your decisions in this paper, additional funding of up to \$1.934 billion is required. We consider that any additional funding could be retained in a tagged contingency with levers to help manage calls on Crown funding. However, the appropriate approach will be dependent on your decision on future external monitoring and your risk appetite.

We note that it is important to maintain financial tension on the delivery entities to incentivise them to deliver in a cost-efficient manner and to help manage the Crown's cost risk. This needs to be balanced against providing for sufficient contingency to manage risk and ensure delivery entities have sufficient certainty to support delivery.

Officials are working on this and will provide further advice on potential conditions and parameters. This will include discussions with the delivery entities to ensure that it strikes the right balance, provides the entity boards with sufficient control to manage their projects, but at the same time helps manage the Crown's financial risk.

Recommended Action

We recommend that you:

Minister of Finance

Minister of Transport

Funding for rescoped projects

- a **note** that you previously agreed to investigate the rescoped projects (T2021-1216 refers) with the following funding allocations:
- a. South Auckland (Papakura to Drury South and Mill Road) at \$874 million
 - b. Whangarei to Port Marsden at \$692 million

Projects to be funded at P95

- b **note** that all parties agree that 'higher risk' projects should be allocated funding based on a P95 estimate
- c **agree** to fund the following 'higher risk' projects based on a P95 estimate:
- a. Otaki to North Levin at \$1.5 billion
 - b. Northern Pathway at \$785 million
 - c. Penlink at \$830 million
 - d. Melling at \$420 million
 - e. Drury Rail Stations at \$495 million

Agree/disagree

Agree/disagree

- d **note** that while the following projects are not high risk, there is consensus that it would be prudent to fund these at P95 based on the residual risk in each project (e.g. due to project phase)
- e **agree** to fund the following projects based on a P95 estimate:
- a. Canterbury Package at \$300 million
 - b. Wiri to Quay Park at \$318 million
 - c. Papakura to Pukekohe Electrification at \$375 million
 - d. Wellington Railway Station Safety at \$88 million
 - e. Wairarapa Rail Upgrades at \$156 million
 - f. Capital Connection Interim Replacement Rolling Stock at \$26 million

Agree/disagree

Agree/disagree

Projects to be funded at P50

- f **agree** to fund the following 'lower risk' projects at P50 as there is consensus on this funding allocation
- a. Takitimu North Link Stage 1 at \$655 million
 - b. Papakura to Drury South Stage 1 at \$655 million

Agree/disagree

Agree/disagree

Projects where there is not consensus

- g **note** that you have options for the level of funding for the three remaining 'low to medium risk' projects as there is not a consensus of views, but there is only a marginal difference of up to \$65 million between P50 and P95:
- a. State Highway 58 (P50: \$105 million and P95: \$130 million)
 - b. State Highway 1/29 (P50: \$40 million and P95: \$50 million)
 - c. Queenstown Package (P50: \$115 million and P95: \$145 million)

- h **agree** to fund the projects in recommendation g above at P95, consistent with the Treasury and Ministry of Transport view, for a total cost of \$325 million

Agree/disagree

Agree/disagree

OR

- i **agree** to fund the projects in recommendation g above at P50, consistent with the Waka Kotahi view, for a total allocation of \$260 million

Agree/disagree

Agree/disagree

Clarifying additional portfolio contingency

- j **agree** to additional portfolio contingency of \$240 million based on residual risk for 'agreed in principle projects', noting that there was not clear agreement on whether to include this as part of the Programme in T2021-1216

Agree/disagree

Agree/disagree

- k **note** that if you agree to recommendation j, this will bring the total funding allocation for the Programme to between \$8.669 billion and \$8.734 billion; requiring up to an additional \$1.934 billion from the Crown above the currently appropriate amount

Further work on clarifying approach to additional Crown funding

- l **note** that a tagged contingency will provide levers to manage calls on Crown funding, support value for money, and incentivise delivery agencies, but may also provide less confidence to delivery entities to manage their projects

- m **agree** to establish a tagged contingency to cover the additional costs based on the recommendations above, noting officials will work on parameters and conditions for the utilisation of the tagged contingency

Agree/disagree

Agree/disagree

David Taylor

Manager, National Infrastructure Unit

Hon Grant Robertson
Minister of Transport

Hon Michael Wood
Minister of Finance

Treasury Report: Further advice on funding NZUP Transport

Purpose of Report

1. This report provides you with further advice on funding allocations for the New Zealand Upgrade Programme (Programme) Transport projects. It also seeks your decisions to finalise the Cabinet paper to be considered on 31 May 2021.

Background

2. On 13 May 2021, you disagreed with the recommendation to fund all Programme projects at their P95 costs estimates and retain a five percent contingency (T2021-1216 refers). You sought further advice on funding the projects at P50 or P95 based on their risk level.
3. You also advised officials to seek Cabinet approval for officials to further develop options for several large projects, and noted that there is insufficient funding remaining in the Programme to progress and additional Crown funding may be required.

Analysis

Determining an appropriate amount of funding to allocate each project

4. Our previous advice has relied on information provided to us by the delivery agencies on their cost estimates for each project. These estimates have been presented as “P” estimates or expected costs at the 50th percentile (P50) and 95th percentile (P95), reflecting the likelihood that the projects are going to come in under the estimated cost.
5. A P50 value is an estimate of project cost based on a 50 percent probability the project cost will not be exceeded. A P95 value incorporates different types of contingency allowances on top of a base estimate so there is a 95 percent chance the cost will not be exceeded.
6. Through the baselining process, we have not undertaken detailed cost assurance and instead focused on the quality of the process followed. We therefore do not have a detailed understanding of how contingency has been calculated and incorporated. This could mean that there is a risk that costs are either over-inflated (e.g. P50 is closer to a P95) or underinflated (reflecting an underestimation of residual risk in the project). This reflects the inconsistencies in approach across different projects identified through baseline assessment.
7. We note that it is important to maintain financial tension on the delivery entities to incentivise them to deliver in a cost-efficient manner and to help manage the Crown’s cost risk. This needs to be balanced against providing for sufficient contingency to manage risk and ensure delivery entities have sufficient certainty to support delivery.
8. However, as previously advised, officials consider that there is still a large amount of residual risk in the Programme and that it would be prudent to allocate projects funding based on the P95 cost estimates (noting KiwiRail also recommended P95 estimates for its projects). We considered this prudent due to several factors including:

- a a number of the projects have not had a Quantitative Risk Assessment (QRA) conducted, so we have less confidence that risk has been properly accounted for in the cost based on probabilities – and this means we do not have a strong sense of whether the P estimates are under or overinflated;
 - b some projects are at an early stage in their lifecycle, so will be subject to potential changes as business cases are developed and options are firmed up; and
 - c unlike the National Land Transport Fund (NLTF), the Programme has a fixed funding envelope so headroom is required to manage cost risks from unders and overs, over the lifetime of the Programme. We also note that without a substantive change to the direction in the Government Policy Statement on land transport, there is unlikely to be funding available to cover cost increases through the NLTF (and any change would require trade-offs with other transport priorities).
9. However, there is also a potential risk that the figures for some projects have inflated the P50s/P95s, and there is a risk we are being overly prudent. To balance these risks, we consider that the provision of any further Crown funding should have appropriate controls to help manage calls on Crown funding (these are discussed in paragraph 42).

Options for different funding allocations

10. If you wish to, you could also direct funding allocations based on a high-level assessment of residual risk per project. This would take into account:
- a **the project's phase in its lifecycle**, with earlier stage projects including additional contingency to account for the uncertainty and risk;
 - b **the project's scale**, with higher cost projects representing a greater cost risk should costs increase; and
 - c **the project's residual risk**, based on the baselining work to give an indication of our overall confidence in the current state of the project.
11. A high-level assessment of the projects is provided at Appendix 1, based on this framework, advice from independent advisors, Waka Kotahi's proposed options, and a brief discussion with KiwiRail. This provides comment on each project's funding allocation relative to residual risk. The level to which you wish to fund the projects depends on the level of risk the Crown is willing to take on, weighed up against the implied level of cost control and levers you want to mitigate calls on Crown funding.
12. We also note you have indicated that the Cabinet Paper is to specify that no further Crown funds will be made available for the Programme. We consider it is therefore important to maintain some additional funding to accommodate unforeseen cost risks should they arise, particularly if there are no alternative funding avenues.
13. There is consensus that 'high risk' and 'rescoped' projects should be allocated funding at a P95 estimate. This means there's general agreement to around \$4 billion of the Programme.
14. There are options for allocating funding for the remaining low to medium risk projects based on your risk appetite. With a P50 approach, these projects would have a funding allocation of c. \$2.7 billion; however, the delivery agencies have indicated that they would not recommend a purely P50 approach. A mostly P95 approach would have a funding allocation of c. \$2.9 billion; i.e. a \$200 million difference at most.
15. Based on this, we have identified two further options for you to consider (in addition to funding all projects to P95):

Option 1: Higher risk profile where more low to medium risk projects are funded at P50s, and an estimated allocation is set aside for investigating the two rescope projects. This would mean there is a higher likelihood that projects may exceed their funding allocations. We note that Waka Kotahi has indicated that two more of its projects could be funded at P50, which would reduce the total funding allocation to around \$8.429 billion;

- a **Option 2:** Lower risk profile where the more projects are funded at P95s, where only those projects that are effectively at the implementation phase are funded at P50. An estimated allocation is also set aside for investigating the two rescope projects. This would mean a total funding allocation of around \$8.494 billion (without any additional central portfolio contingency).

- 16. Given the marginal cost difference in the two options (of \$65 million), and reflecting the level of uncertainty remaining in the Programme as outlined in paragraph 8 above, we consider that if joint Ministers wish to consider a different allocation for risk for low to medium risk projects, you should consider the lower risk profile option (option 2). This would also align with the signal from you that no further funding will be made available for the Programme. There are also a number of levers and controls you can put in place to manage the calls on Crown funding, which are discussed below in paragraph 42.

Lower risk projects

- 17. Depending on your decision on Option 1 or 2 above, up to five of the projects have been deemed low to moderate risk based on the framework and could be allocated a P50 funding amount. These projects are more advanced in their lifecycle, or have greater confidence on the level of funding likely required to deliver the project. That being said, there is still some residual risk as each project has a 50 percent likelihood of exceeding the funding allocation.
- 18. We consider that if you set the funding allocation to P50s and enable the delivery agencies to get on with delivering the projects, this would support both confidence and momentum of delivery. This would also provide a bit of tension for the delivery entities to deliver the projects to the expected cost and help manage calls for Crown funding.
- 19. We are seeking clarity from you whether some form of portfolio contingency should be retained by the Crown as the recommendation and corresponding agreement in the previous advice were not clear whether this should be included in the Programme or not (T2021-1216 refers). As previously advised (T2021-1216 refers), we consider that this should be five percent of the funding allocation for the 'agreed in principle' projects, or \$240 million.

The higher risk projects will likely require more funding, but calls on this should be managed

- 20. A number of the projects above are still deemed high-risk. This is based on these being earlier in the project lifecycle, having higher cost estimates, and having a higher level of residual uncertainty. We consider that these projects should have a funding allocation based on P95 to reflect this residual risk. We also consider that any investment decision for these projects is subject to joint Ministers agreeing a DBC.

21. We propose these projects be allocated a budget to delivery agencies based on P50, and the difference between P50 and P95 could be held in a tagged contingency and provided to delivery agencies only with joint Minister agreement and in accordance with clear parameters to be agreed by Cabinet for managing contingency structure within the appropriation and conditions for accessing this contingency funding (discussed further below at paragraph 42). This is still under discussion with the delivery entities and we will provide you with further advice on appropriate conditions and parameters for a tagged contingency.
22. This will serve two purposes: 1) it will preserve tension on delivery agencies to deliver projects in a cost-effective manner for the Crown; and 2) if the cost estimates have been overinflated, it ensures that the Crown isn't by default providing additional funding into projects without an understanding of the opportunity cost. Given that ultimate cost risk rests with the Crown, we consider that it is important that you have levers to manage calls on Crown funding where possible.

Rescoped projects need a funding allocation, but further work is required to determine cost, scope, and schedule before making investment decisions

23. You have also agreed to seek Cabinet agreement for officials to further develop rescoped options for two projects:
 - a **South Auckland:** A rescoped/scaled new northern end of Mill Road (two lanes), providing partial funding for supporting investment in the wider Drury network for local infrastructure, including active modes and public transport;
 - b **Whangarei to Port Marsden:** Safety improvements along the existing state highway, and Northport Rail upgrades.
24. These projects present a higher degree of uncertainty due to their stage in project lifecycle, having been drafted in short timeframes, and therefore any cost estimates for these projects should be considered as high-level funding allocations to investigate a solution (i.e. these are not P estimates). The actual costs for the projects, and associated confidence levels, will mature as the projects are further investigated and detailed business cases developed.

Clarifying Northern Pathway funding

25. We have previously provided our views on the Northern Pathway project, and you have signalled that you wish to proceed with Waka Kotahi's recommendations (BRI-2174 refers). On this basis, we note that proceeding with this project would require a funding allocation of \$785 million at a P95 level, based on Waka Kotahi's most recent cost estimates.

Financial implications

Approach to any additional Crown funding

26. It is important to keep tension in the Programme to ensure that outcomes are being delivered appropriately, and the cost risks to the Crown are being managed, while also ensuring that delivery entities are confident in managing their projects. We are continuing to work through this with the delivery entities.
27. We have provisionally identified several options for how the proposed new Crown funding is allocated between appropriations and tagged contingency; however, some variations of the below may strike a better balance (e.g. splitting the P50 to P95 difference between appropriation and tagged contingency):

	Appropriated	Tagged Contingency
Higher Crown control, moderate delivery agency confidence	<ul style="list-style-type: none"> • P50 for all projects • Some funding for investigating rescoped projects 	<ul style="list-style-type: none"> • P50-P95 for projects, held in aggregate to address cost increases across Programme • Residual funding for investing in rescoped projects in future • Any additional portfolio contingency
Less Crown control, higher delivery agency confidence	<ul style="list-style-type: none"> • Funding based on Ministers decisions for funding projects, option to ringfence P50-P95 subject to joint Minister agreement 	<ul style="list-style-type: none"> • Investigating rescoped projects, and investing in rescoped projects in future • Any additional portfolio contingency
Least Crown control, greatest delivery agency confidence	<ul style="list-style-type: none"> • As for less Crown control, higher delivery agency confidence above • Plus funding for investigating and investing in rescoped projects 	<ul style="list-style-type: none"> • Any additional portfolio contingency

28. We consider that on balance, a higher Crown control approach is the most appropriate way to allocate funding and is consistent with the advice earlier in this report. However, this may represent a significant shift from the previous approach (where all funding was appropriated) so requires further engagement with the delivery entities so that they can understand the risk.
29. A detailed outline of this funding, assuming you agree to lower risk option (Option 2, paragraph 15 b), is provided at Appendix 2. While we have indicated allocations based on each projects risk profile, we consider that the funding should be held in aggregate, rather than by each project, to support joint Ministers flexibility in applying this across the Programme.
30. We consider that this approach could be the most appropriate because it provides the delivery agencies with confidence to deliver projects within a P50 budget, but retains control for joint Ministers to only provide additional Crown funding for cost increases once their agreement has been sought. We would want to ensure that the process set up around this was sufficiently streamlined to manage the risk of delays which could unintentionally increase project costs.
31. Additionally, it manages calls on Crown funding in projects without suitable levers and provides funding for delivery agencies to investigate the rescoped and high-risk projects, without creating a firm investment commitment until that work is completed.
32. The higher delivery agency confidence options (2 and 3) provide the delivery agencies with greater certainty on having all funding available to them for the projects based on the P50 and P95 cost estimates.
33. However, this approach might not provide the right level of incentives on the agencies to manage calls on Crown funding, and may also establish expectations around the delivery of the rescoped options, which still require substantive work to confirm cost, scope, and schedule prior to an investment decision.
34. However, if Ministers prefer one of these options, there is the option for Ministers to ringfence some of the appropriated funding to retain decision-making rights in certain circumstances (such as cost increases above P50).

Potential conditions on drawing down the tagged contingency

35. We consider that any additional funding could be held as a tagged contingency, with its appropriation subject to certain parameters to be agreed by Cabinet. However, you do have other options available, which will depend on your decisions above, such as delegations to managing contingency to the external monitoring function.
36. The Cabinet paper currently being drafted will propose to delegate to joint Ministers decisions on parameters for managing a tagged contingency (if agreed). Officials will then work on developing parameters and conditions for your consideration.
37. These parameters would aim to ensure that Ministers have confidence that the right balance of outcomes and costs are being struck, while also at the same time ensuring that the right work is being done at the right time to provide overall confidence on the Programme.
38. We consider that appropriate parameters for accessing the tagged contingency could include joint Minister's being satisfied that the delivery agencies:
 - a have sought joint Ministers agreement to a DBC for high-risk and rescope projects;
 - b have undergone a QRA for each project prior to submitting a DBC to joint Ministers;
 - c have confirmed that the project is within the total funding allocation, that there are appropriate processes, capacity and capability in place to successfully manage the project, and the delivery agency will follow its own internal processes (e.g. through a letter of assurance from the Board) and Gateway reviews;
 - d have taken reasonable steps to manage costs, and any further changes to the project to keep the project within the P50 estimate would result in a correspondingly disproportionate decrease in outcomes;
 - e have a clear understanding of future risks, and the delivery agencies have followed appropriate processes to mitigate these risks and any further calls on Crown funding.

Consultation

39. This report has been prepared by the Treasury. However, we have worked closely with the Ministry of Transport, and incorporated delivery agencies views in developing the advice on appropriate P estimates and residual risk.
40. The Ministry of Transport supports the contents of this report and its submission to the Minister of Transport.
41. We are continuing to work with delivery agencies on some aspects outlined in this report to ensure we are striking the right balance of confidence and cost control, and to ensure that the delivery entity Boards understand the implications of any proposal.
42. In particular, KiwiRail has noted that it is important that the P95 allocations be held by individual projects and be managed by its Board, with portfolio contingency managed elsewhere (consistent with the current approach). It notes that a robust process would need to be in place if project contingency were to be managed outside of the Board's ambit.

43. We will therefore continue to work with it, and Waka Kotahi to better understand the implications of where contingency is held and managed and how we can strike the right balance to support Crown financial responsibility and project delivery.

Next Steps

44. Subject to your decisions on this report, we will provide you with further advice on the financial implications for the Crown, and work with the Ministry of Transport and delivery agencies to incorporate the financial implications into a Cabinet paper that will be provided to your office close of Monday 24 May 2021.
45. Officials are working with the delivery agencies to develop further advice on the appropriateness of including route protection in the Programme.
46. We also note that a separate report on the future external monitoring arrangements for the Programme is being prepared. Your decisions on that paper will help inform officials advice on parameters and conditions for drawing down the proposed tagged contingency.

Appendix 1: P50 and P95 allocations based on risk profile

Project	Option 1: Higher Risk Profile (more P50s)		Option 2: Lower Risk Profile (more P95s)	
	P95	P50	P95	P50
SH58	P95	130	P95	130
SH1/29	P50	40	P95	50
Takitimu North Link Stage 1	P50	655	P50	655
Papakura to Drury South Stage 1	P50	655	P50	655
Canterbury Package (6 projects)	P95	300	P95	300
Queenstown Package	P95	145	P95	145
Wiri to Quay Park	P95	318	P95	318
Papakura to Pukekohe electrification	P95	375	P95	375
Wellington Railway Station safety	P95	88	P95	88
Wairarapa Rail Upgrades	P95	156	P95	156
Capital Connection Interim replacement rolling stock	P95	26	P95	26
Drury Rail Stations (three stations)	P95	495	P95	495
Melling	P95	420	P95	420
Penlink	P95	830	P95	830
Northern Pathway	P95	785	P95	785
Whangārei to Port Marsden (ringfenced amount pending revised scope choice)	NA	692	NA	692
Ōtaki to North of Levin	P95	1,500	P95	1,500
South Auckland (Mill Road and Papakura to Drury South Stage 2) (ringfenced amount pending revised scope choice)	NA	874	NA	874
Total (\$m)		8,484		8,494

NB: Option totals exclude any additional portfolio contingency

Appendix 2: Proposed allocation of funding between appropriation and tagged contingency

	Project	Project Budget appropriated (to P50)	Tagged contingency for risk (to P95)	Funding Allocation Total	Funding Allocation Total (Higher Risk P50s)	Comment
		(\$ million)	(\$ million)	(\$ million)	(\$ million)	
Lower Risk	SH58	105	25	130	105	Waka Kotahi has indicated confidence in this project at P50; however, we note the largest proportion of the cost is yet to complete business case and have options endorsed A higher risk option would reduce the amount by \$25 million
	SH1/29	40	10	50	40	A higher risk option would reduce the amount by \$10 million
	Takitimu North Link Stage 1	655	0	655		
	Papakura to Drury South Stage 1	655	0	655		
	Canterbury Package	218	82	300		All parties indicated an appropriate funding allocation is at P95
	Queenstown Package	115	30	145	115	Waka Kotahi indicated that this could be funded at P50; however, baseline assessment indicated there a programme of intervention required to achieve benefits A higher risk option would reduce the amount by \$30 million
	Wiri to Quay Park	305	13	318		KiwiRail indicated an appropriate funding allocation is at P95
	Papakura to Pukekohe electrification	356	19	375		KiwiRail indicated an appropriate funding allocation is at P95
	Wellington Railway Station safety	82	6	88		All parties indicated an appropriate funding allocation is at P95
	Wairarapa Rail Upgrades	145	11	156		All parties indicated an appropriate funding allocation is at P95
	Capital Connection Interim replacement rolling stock	24	2	26		A higher risk option would reduce the amount by \$2 million
Subtotal Low to Med Risk		2,700	198	2,898	2,833	Higher risk options for SH58 and Queenstown Package would further reduce the low-medium risk subtotal amount by \$55 million to \$2,831 million
Higher Risk	Drury Rail Stations (three stations)	413	82	495		
	Melling	375	45	420		
	Penlink	740	90	830		
	Northern Pathway	650	135	785		
	Ōtaki to North of Levin	1,200	300	1,500		
Subtotal High Risk		3,378	652	4,030		
Rescope/Rephase	South Auckland (Papakura to Drury South and Mill Road)	403	471	874		All parties agree that significant further work required to define the project before any funding certainty on project and an investment decision can be made. The total funding envelope is \$874 million noting that this is not a P estimate. The tagged contingency portion would be drawn down subject to the detailed business case and further joint Minister decisions confirming cost, scope and schedule Project budget has been allocated proportionally based on remaining appropriated funding and proposed allocation
	Whangārei to Port Marsden	319	373	692		All parties agree that significant further work required to define the project before any funding certainty on project and an investment decision can be made. The total funding envelope is \$692 million noting that this is not a P estimate. The tagged contingency portion would be drawn down subject to the detailed business case and further joint Minister decisions confirming cost, scope and schedule Project budget has been allocated proportionally based on remaining appropriated funding and proposed allocation
Subtotal Rescope		722	844	1,566		
Do not deliver	Takitimu North Link Stage 2	0	0	0		
Other	Portfolio Contingency	0	240	240		
Total		6,800	1,934	8,734	8,669	